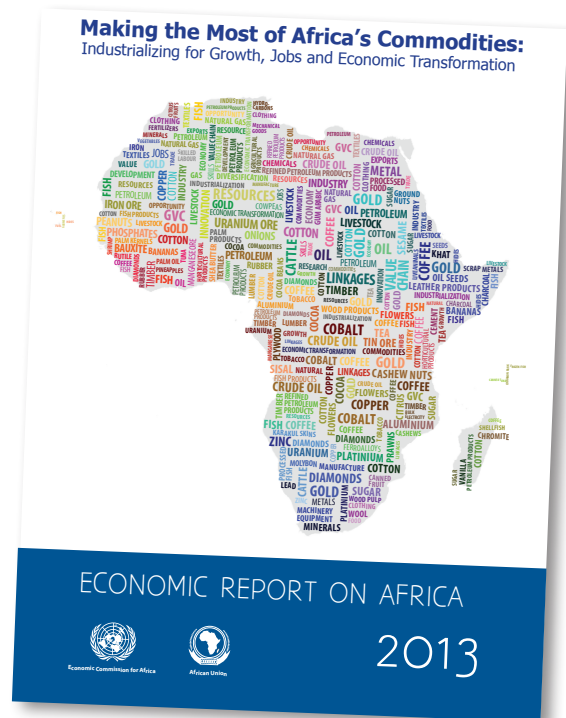


Africa must boost commodity-based industrialization to grow economy, end poverty, says ERA 2013



Addis Ababa, Mar. 25, 2013 -- African countries have an opportunity to transform their economies through a commodity-based industrialization strategy that leverages on the continent's abundant resources, current high commodity prices and changing organization of global production process, according to a newly published economic report.

Such a policy is necessary if the continent is to become a global economic power that can address the challenges of youth unemployment, poverty and gender disparities, says the 2013 edition of the Economic Report on Africa (ERA 2013), co-authored by the Economic Commission for Africa and the African Union Commission.

“Maximizing Africa’s commodities for industrialization involves adding value to soft and hard commodities and developing forward and backward linkages to the commodity sector,” says the report whose theme is “Making the Most of Africa’s Commodities: Industrializing for Growth, Jobs, and Economic Transformation.”

Apart from providing employment, income, price and non-price benefits, African countries, by adding value to their raw materials locally, could also bring about diversification of technological capabilities, an expanded skills base, and deepening of individual countries’ industrial structures, the document reveals.

Although Africa boasts about 12 percent of the world’s oil reserves, 40 percent of its gold, 80 to 90 percent of chromium and platinum group metals, 60% of arable land and vast timber resources, value addition is still limited, culminating in the paltry receipts for the export of its primary commodities.

A case in point is the coffee industry where up to 90 per cent of Africa’s total income from the commodity, calculated as the average retail price of a pound of roasted and ground coffee, goes to consuming countries in Europe, North America and Asia. African producers like Ethiopia too can benefit more from this, it says.

While some African countries have made modest progress in forward and backward linkages to their commodity sectors, others still have some ground to cover, according to the report, adding that interventionist state policies and continental initiatives could help improve the situation.

To further boost current levels of linkages, the report calls for urgent moves to reduce the infrastructural constraints and bottlenecks on the continent.

It also recommends improved policy implementation through coordination among relevant ministries in order to reduce incidents of coordination failure that have for long plagued the continent.